

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-02 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 FEA-02

NSCE-00 SSO-00 USIE-00 INRE-00 PA-04 PRS-01 IO-14

DLOS-07 DRC-01 (ISO) W
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FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 3364

INFO USMISSION EC BRUSSELS IMMEDIATE

USMISSION OECD PARIS IMMEDIATE

AMEMBASSY LONDON IMMEDIATE

AMEMBASSY BONN IMMEDIATE

AMEMBASSY ROME IMMEDIATE

AMEMBASSY BRUSSELS IMMEDIATE

AMEMBASSY COPENHAGEN IMMEDIATE

AMEMBASSY DUBLIN IMMEDIATE

AMEMBASSY OSLO IMMEDIATE

AMEMBASSY LUXEMBOURG IMMEDIATE

AMEMBASSY OTTAWA IMMEDIATE

C O N F I D E N T I A L TOKYO 9376

E.O. 11652: GDS

TAGS: ENRG, JA

SUBJ: INTEGRATED EMERGENCY PROGRAM: ENDERS VISIT TO JAPAN

SUMMARY: TWO-DAY VISIT BY ASSISTANT SECRETARY ENDERS TO
JAPAN WAS EFFECTIVE CATALYST IN ADVANCING DEVELOPMENT OF
JAPANESE POSITION AT SENIOR OFFICIAL LEVEL:

A. BASIC PHILOSOPHY AND STRUCTURE OF IEP IS ACCEPTABLE
TO GOJ.

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B. TO MODERATE POTENTIAL CONFRONTATIONAL ASPECTS WE

SHOULD SEEK TO ASSOCIATE FRANCE AND OTHER COUNTRIES, AND TO EMBED FOLLOW-ON INSTITUTION IN THE OECD WITHOUT GIVING THE OECD COUNCIL A VETO. (US ALSO INSISTED THAT FRANCE SHOULD NOT HAVE VETO BUT JAPAN WAFFLED.)

C. FINAL COMMUNIQUE SHOULD REAFFIRM DESIRABILITY OF CONSUMER-PRODUCER DIALOGUE.

D. STOCKPILES SHOULD BE REALISTIC, I.E., ABOVE PRE-SENT LEVELS, BUT SET AND PHASED SO AS TO BE FEASIBLE. SECURE STOCKS HELD OUTSIDE IEP COUNTRIES AS WELL AS SOME PORTION OF OIL AT SEA COULD BE COUNTED. TO REDUCE COSTS FOR JAPAN, US PROPOSED AND GOJ AGREED CONSIDER STORING JAPANESE OIL IN US SALT-DOMES, WITH SWAP AGREEMENT TO AVOID TRANSPORT IN AN EMERGENCY.

E. GOJ UNDERTOOK TO REVIEW ITS PREVIOUS POSITION THAT MANDATORY DEMAND RESTRAINTS BE BASED ON ENERGY RATHER THAN OIL CONSUMPTION. GOJ ALSO REQUESTED, AND US AGREED TO ACCEPT, AS CURRENT A BASE AS POSSIBLE FOR CALCULATION OF RESTRAINTS SO AS NOT TO PENALIZE FAST GROWING COUNTRIES LIKE JAPAN.

F. TRIGGERS SHOULD BE SET SO THAT THE IEP WOULD NOT BE ACTIVATED FOR TRIVIAL REASONS, BUT SHORTFALLS OF THE TYPE EXPERIENCED LAST WINTER WOULD BE FULLY COVERED.

G. SENIOR GOJ OFFICIALS WILL NOW CONSULT MINISTRIES IN AN EFFORT TO DEVELOP FIRM POSITIONS FOR JULY 29/30 MEETING. THEY POINTED OUT THAT EMERGING POLITICAL PROBLEMS FOR RULING LDP PARTY IN LIGHT OF RESIGNATION OF KEY CABINET FIGURE FUKUDA WILL MAKE THIS PROCESS MORE DIFFICULT, BUT ALMOST CERTAINLY WILL NOT CHANGE BASIC GOJ STANCE. END SUMMARY.

1. ASSISTANT SECRETARY ENDERS MADE TWO-DAY VISIT TO JAPAN JULY 15-16 TO PROBE JAPANESE REACTION TO US IEP PROPOSAL AND TO CONVEY STRENGTH OF US COMMITMENT TO DEVELOPMENT OF EMERGENCY SHARING PROGRAM. SCHEDULE INCLUDED MEETINGS UP TO DEPUTY MINISTERIAL LEVEL WITH OFFICIALS FROM FOREIGN, MITI AND FINANCE MINISTRIES AND WITH LEADERS FROM ENERGY INDUSTRY.

2. JAPANESE OFFICIALS DEMONSTRATED SOPHISTICATED GRASP OF IEP PROPOSAL AND ALL MINISTRIES COVERED SAME GROUND IN CONFIDENTIAL

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DESCRIBING CURRENT JAPANESE THINKING ON EIP, INDICATING THAT GOJ HAS ALREADY BEGUN EXTENSIVE PROCESS OF DEVELOPING COORDINATED RESPONSE TO US PROPOSAL. ALL MINISTRIES EXPRESSED SUPPORT FOR GENERAL THRUST OF IEP WHILE INDICATING RESERVATIONS CONCERNING CERTAIN POLITICAL AND ECONOMIC IMPLICATIONS OF PROGRAM.

3. MAJOR JAPANESE CONCERNS ARE: A. CONFRONTATIONIST AS-

PECT VIS-A-VIS THE PRODUCERS: JAPANESE SEE THEMSELVES AS MOST VULNERABLE OF MAJOR CONSUMING NATIONS TO REDUCTION IN OIL SUPPLIES AND GOJ IS CONCERNED THAT SUPPORT FOR PROGRAM WILL BE SEEN IN JAPAN AS PRONOUNCED SHIFT IN GOJ POSTURE ON RELATIONS WITH PRODUCERS, CREATING NEW DOMESTIC POLITICAL PROBLEMS FOR SERIOUSLY WEAKENED TANAKA ADMINISTRATION (FOR THIS REASON GOJ WOULD NOT PLAN TO SUBMIT ANY IEP PROPOSAL TO DIET FOR FORMAL APPROVAL). B. COST OF PROGRAM: GOJ BELIEVES THAT TO INCREASE STOCKS SIGNIFICANTLY ABOVE EXISTING 60 DAY LEVEL IN JAPAN WOULD ENTAIL MAJOR ECONOMIC COSTS BECAUSE OF LACK OF ADDITIONAL STORAGE FACILITIES, UNAVAILABILITY OF NEW LAND FOR THIS PURPOSE, INCREASED PRICE OF OIL, ETC. GOJ ALSO CONCERNED OVER IMPACT OF MANDATORY DEMAND RESTRAINTS ON JAPANESE ECONOMY IN VIEW OF HIGH DEPENDENCE OF JAPANESE INDUSTRY ON OIL AS AN ENERGY SOURCE; C. ROLE OF FRANCE: JAPANESE SEE FRENCH POSITION ON IEP AS EXTREMELY IMPORTANT TO JAPAN. GOJ BELIEVES THAT IF FRENCH JOIN IN, THIS WILL MODERATE CONSIDERABLY THE CONFRONTATIONIST ASPECT VIS-A-VIS THE PRODUCERS (AS WELL AS FACILITATE IMPLEMENTATION BY EC MEMBER STATES), AND WILL MAKE THE GOJ MUCH LESS VULNERABLE TO OPPOSITION CRITICISM IN DIET. GOJ SEES FOLLOW-ON MACHINERY QUESTION AS KEY TO FRENCH POSITION, AND GOJ STRONGLY SUPPORTED CONSIGNING IEP AND FOLLOW-UP WORK TO OECD FOR THIS REASON (FOREIGN MINISTRY OFFICIALS INDICATED PRIVATELY THEIR UNDERSTANDING FROM RECENT CONTACTS IN PARIS AND TOKYO THAT FRANCE IS INTERESTED IN JOINING IEP IF ECG FOLLOW-UP AND IEP CAN BE BROUGHT UNDER OECD IN SOME WAY).

4. NOTWITHSTANDING ABOVE RESERVATIONS, AT END OF TWO DAYS OF MEETINGS JAPANESE OFFICIALS INDICATED THAT GOJ ALMOST CERTAINLY WILL COME ALONG IN SUPPORT OF INTEGRATED PROGRAM, BUT THAT MORE TIME IS NEEDED TO DEVELOP FULL CONFIDENTIAL

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SENSUS FOR PROGRAM IN JAPAN, AND MORE WORK IS NEEDED ON REFINING EXACT FIGURES FOR STOCKPILES, AND TRIGGER AND DEMAND RESTRAINT LEVELS.

5. IN SUM, VISIT HAD CATALYTIC EFFECT AND ACCELERATED DEVELOPMENT OF COORDINATED GOJ POSITION. FACT THAT VISIT FOCUSED ENTIRELY ON IEP PROPOSAL, AND THAT TRIP WAS MADE SOLELY FOR THIS PURPOSE, CLEARLY HAD SIGNIFICANT IMPACT ON GOJ THINKING. MEETINGS WERE REPORTED FACTUALLY, AND IN UNDRAMATIC WAY, IN JAPANESE PRESS INDICATING THAT GOJ NOW DOING ITS BEST TO PREPARE MEDIA AND PUBLIC OPINION FOR SHIFT IN JAPANESE POSITION ON PRODUCER RELATIONS ISSUE, WHICH SUPPORT FOR IEP WILL IMPLY. ALTHOUGH IT STILL TOO EARLY TO TELL HOW QUICKLY GOJ WILL BE ABLE DEVELOP SUPPORT FOR FULL DETAILS OF EMERGING PROGRAM, IT CLEAR THAT CON-

SENSUS PROCESS NOW WELL UNDERWAY.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PAPERS, SUPPLIES, ENERGY, PETROLEUM, INTEGRATED EMERGENCY PROGRAM, IEP, COMMITTEES, EMERGENCY PLANNING, FOREIGN POLICY POSITION, MEETINGS, PERSONNEL TRAVEL
Control Number: n/a
Copy: SINGLE
Draft Date: 16 JUL 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974TOKYO09376
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D740190-0276
From: TOKYO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740743/aaaablac.tel
Line Count: 171
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 04 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <04 APR 2002 by worrelsw>; APPROVED <20 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTEGRATED EMERGENCY PROGRAM: ENDERS VISIT TO JAPAN SUMMARY: TWO-DAY VISIT BY ASSISTANT SECRETARY ENDERS TO
TAGS: ENRG, JA, US, ECG, OECD, (ENDERS, THOMAS O)
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005